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DRUG STORE NEWS

Vol. 7/No. 25 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. November 25, 1985

Adams off the block . . . for now

"People in the MacAndrews Group are very pleased with us. Their attitude at the moment is, they plan on keeping Adams, and developing its growth."

James Salmanson
Adams president and ceo

NEW YORK — Officials at Adams Drug Stores say MacAndrews and Forbes, owner of Pantry Pride, has reversed its decision to sell the 430-store retail drug chain.

They say the holding company has now decided to support the chain's expansion plans, including a major expenditure to upgrade Adams' corporate computer center.

Analysts speculated, however, that the change in heart may be the start of an effort to increase Adams' value for a later sale.

Pantry Pride advised Adams of its new stance last month, before it won control of Revlon Inc., after the $2.4 billion cosmetics and health care company on Nov. 1 accepted a $1.83 billion Pantry Pride tender offer, ending a three-month hostile takeover siege.

Adams' fate is presently more certain than that of Revlon's business units. Industry observers say that Ronald Perelman, MacAndrews and Forbes' owner, who was elected Revlon chairman and chief executive officer last week, is certain to sell off a majority of the units, but Pantry Pride hasn't decided which ones. The company won't act until it reviews Revlon's books.

The issue is complicated by agreements Revlon had struck in October with Forstman, Little, a New York investment firm, to sell off some of the units in order to thwart Pantry Pride's hostile bid by taking Revlon private in a le-

Continued on page 31

Pay 'n Save spinoff splits control 50-50

SEATTLE — Pay 'n Save stores, the 108-unit super drug chain centered in the Pacific Northwest, has been spun off by Pay 'n Save Corp. as a separate company controlled on a 50-50 basis by the Zimmerman Family Partnerships and the Trump Group.

William Zimmerman, a founder and former chairman of Pic 'n Save Stores, the country's leading closeout merchandise chain, has been named chairman of the new corporation, which last year generated sales of $509 million.

Zimmerman, who sold his family's interest in Pic 'n Save in 1984, will head a management team that includes Allen Culver as president. Culver will also continue as chairman of the 82-store Northwest Division of Pay 'n Save and Maynard Jenkins will remain president of that division.

The terms of the deal in which Zimmerman Family Partnerships bought a partnership in the stores were not disclosed.

Zimmerman is well known in discount store circles as an expert in acquiring closeout and import merchandise, having developed a network of sources both here and abroad in the years he headed Pic 'n Save. Goods acquired in this way were sold to customers at discounts ranging from 40% to 70% off usual retail prices.

Retail observers expect him to bring this expertise to bear at Pay 'n Save, which would mean a new, sharper pricing strategy for the drug stores.

Zimmerman himself, in a statement issued from the company in Seattle, said he looked forward to building on Pay 'n Save's "fine reputation and excellent customer base" by improving "the values brought to every Pay 'n Save customer."

Commenting on the spinoff, Allen Culver said the management "plans to focus on two particular strategies to further strengthen the chain. Centralization of certain warehousing buying and pricing functions has already begun in the past year."

Culver also noted that the company planned to incorporate Zimmerman's "successful merchandising strategies developed over 40 years in retailing."

The spinoff is the latest chapter in the split-up of the old Pay 'n Save Corp. by the Trump Group, which acquired the Seattle-based retailing company in a leveraged buyout last year.

FoxMeyer appetite voracious as it drives to $2.7B in sales

News analysis

By Al Heller

NEW YORK — The anticipated takeover by FoxMeyer of two Household Merchandising companies, as part of a $700 million-plus leveraged buyout bid, would step up the growth-by-acquisition strategy of the nation's third largest drug wholesaler.

If FoxMeyer acquires the wholesale/franchise operations of 1,629 Ben Franklin variety stores and 1,079 Coast-to-Coast hardware stores—as expected by FoxMeyer officials by January or soon after—it would significantly help FoxMeyer reach its $2.7 billion sales goal by the end of fiscal '87 (year ended March 31, 1987).

FoxMeyer has operated this fiscal year at a $1.25 billion revenue pace, up 74% from $717 million a year earlier.

But next year's challenge to more than double in sales is even greater, and will probably include at least one more drug wholesaling acquisition in 1986, according to president Richard Bard.

Growth will come from several areas, he explained: the combined $705 million revenues of Ben Franklin and Coast-to-Coast; $125 million from its medical and surgical supply contract with Voluntary Hospitals of America; internal growth of about 20% annually; and other possible upcoming takeovers.

Store counts of Ben Franklin and Coast-to-Coast far outnumber supermarket chain Vons (176) and discounter T.G. & Y. (739), the other operating companies of Household Merchandising expected to be taken private by HMI

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Colson: Rx Place targets expansion

NEW YORK — Deep discounter Rx Place will grow from its current two stores to at least 12 within two years, said president Ken Colson.

Another company source went further in predicting that the seven-month-old division of F. W. Woolworth would probably expand to 90 stores within a decade.

Initial expansion will focus in eastern and northeastern markets, said Colson, as the fledgling chain grows beyond its initial sites in Stratford, N.J., and Levittown, Pa.

The next five stores are expected to be in northern New Jersey, possibly by late spring, as the chain builds a northbound belt between existing stores and headquarters, said other trade sources.

However, its growth hub won't necessarily be Philadelphia, said Colson, Drug Emporium, with nine sites at presstime, to be 12 by year's end, and Rite Aid's Drug Palace, with two, have already penetrated. "There'll eventually be very few places without head-to-head competition in this format. To be first in a market will be an advantage," Colson said.

Plans for five additional Rx Place stores in 1986 and another five in 1987 will continue a strategy that's evident in its first two locations, according to Colson.

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F. W. Woolworth's Rx Place, Levittown, Pa., reinforces its low price image with overhead signs.

TE NEWS....LATE NEWS....LATE NE

As a result of organizational restructuring at the Jack Eckerd Corp., 30 people, including several vice presidents, are leaving the company. Sources say the departures are partly the result of streamlining designed to eliminate jobs that are duplications or no longer necessary and partly the result of the pending leveraged buyout of Eckerd by executives at the company.

Private label sales growth prompts new programs See page 99

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Rite Aid will break ground on fourth d.c.

LOS ANGELES — Rite Aid will start building its fourth distribution center this coming spring. The 265,000-sq.-ft. facility, located in Columbia, S.C., will open early in 1987.

Alex Grass, chairman and president of the 1,360-store chain, said the new d.c. will shorten the supply lines for the 165 stores operating in North Carolina (100), South Carolina (50) and Georgia (15).

These stores are currently being serviced by the 290,000-sq.-ft. facility in Charleston, W. Va., as much as 10-12 hours away by truck from the Deep South stores.

Rite Aid's other two centers are in Rome, N.Y. (290,000 sq. ft.), and Harrisburg, Pa. (425,000 sq. ft.).

"These distribution centers," Grass told the Los Angeles Society of Financial Analysts, "will increase our service capacity to over 2,000 stores. We expect to reach 1,400 stores by the end of the current fiscal year and to add 10% to the store count annually."

Other developments outlined by Grass included the following:

- Rite Aid has opened a new 7,000-sq.-ft. Encore Book Store prototype in Springfield, N.J., that includes discounted greeting cards and school/stationery/office supplies. The typical Encore is 4,000 sq. ft.
- The company is using its sophisticated in-store computer system to develop a software program for video rentals.

"This software is now in the final test stage, and we expect to utilize the system early in 1986," Glass said.

- Private label (with more than 1,000 items) now accounts for 13.3% of the chain's volume.
- Rite Aid has felt the impact of the price wars that have occurred in some markets.

"In the Baltimore price war," Grass said, "we lost 4% to 5% of our sales on a temporary basis. We did not adjust our prices to get into the battle. We feel that the customers will return to us."

- Pharmacy sales as a percentage of volume grew to 35.3% in the past six months compared to 32.6% in that period last year. Generics now account for 28% of all scripts filled.

NEWS IN BRIEF

Suits filed against Eckerd buyout

CLEARWATER, Fla. — In what is described as a "common occurrence," two class-action suits have been filed against the Jack Eckerd Corp., seeking to invalidate a leveraged buyout by officers, employees and an investment group led by Merrill Lynch Capital Partners Inc.

Jack Eckerd's management has labeled both suits "without merit" and says the company intends to defend itself and conclude the deal on schedule.

Analysts who follow Eckerd also say that such suits are "commonplace" and usually reflect the disgruntlement of a few isolated individuals. Informed sources also don't fear that the suits will impede the settlement of the $1.2 billion buyout, the largest in the chain drug industry.

The suits were filed earlier this month by an individual, Claire Merritt, and by a group, the Wildflower Partnership. An attorney for Wildflower said the suit takes issue with the $5 valuation placed on securities included in the proposed deal. The suit also objected to the "lock up" option under which Merrill Lynch is entitled to buy 6.6 million shares of Eckerd at $33 each, prior to the leveraged buyout.

Omholt named Northwestern prez

SEATTLE — The Trump Group has appointed Roger Omholt president of Northwestern Drug.

Omholt joined Northwestern in 1979 and has served at a variety of officer-level positions; treasurer, chief financial officer—and most recently senior vp-purchasing and chain relations.

Omholt succeeds Joe Christy who has left the company. Christy, a Pay 'n Save exec for 10 years, was named president of Northwestern in February 1984, when Trump acquired Pay 'n Save.

McKesson nets $19M in 2nd quarter

SAN FRANCISCO — McKesson Corp. has announced its second quarter, Sept. 30, financials, showing a net of $19 million, or $1.01 per share, compared to last year's $16.7 million, and 92¢ per share.

Total revenue for the quarter was $1.5 billion, compared to $1.2 billion for last year.

For the first six months, McKesson registered total sales of $2.9 billion, compared to 1984's $2.3 billion. The net for the period was $35.9 million, or $1.92 per share, compared to $31.5 million, and $1.72.

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Legal arm to tighten grip on drug diversion crimes

WASHINGTON — Justice Department officials called on state drug regulators to crack down on diverters of adulterated drugs by tightening up pharmacy inspection procedures and increasing criminal fines.

In testimony before House Energy and Commerce Committee chairman John Dingell's investigations subcommittee, Justice Department attorney Larry D. Thompson said the fines typically levied on upscrupulous diverters under most state laws are "too low" given the "amount of money involved and the excessive profits gained" through the diversion of pharmaceuticals.

Members of the subcommittee listened as one small-time diverter appeared on a videotape boasting about his "excessive profits" to an undercover Federal Bureau of Investigation (FBI) "pharmoney" agent last spring.

The diverter told the agent he "sold $111,000" in diverted pharmaceuticals the previous week.

The recent release of legal constraints on the Justice Department officials in connection with the "pharmoney" operation prompted Dingell to hold a fourth round of hearings on Rx diversion late last month.

The subcommittee's three previous hearings began after the discovery last year that some two million counterfeit versions of Searle's Ovulen-21 oral contraceptive tablets had been channeled into the nation's drug stores and wholesale drug warehouses through the diversion market.

Thompson, who quarterbacked the "pharmoney" sting operation which uncovered almost $600,000 in diverted and adulterated pharmaceuticals, told the Congressmen that "at least one drug store in every city, town and village" involved in the sting operation "was found to be illegally dispensing" adulterated and misbranded drugs.

FBI special investigator Hal N. Helterhoff said state drug regulators can get these dangerous medications off the shelves by changing their auditing procedures.

"State agencies should implement unscheduled audits of drug stores," Helterhoff told the Congressmen.

Both Justice Department officials, appearing before the subcommittee for the first time, cautioned members on the need for tighter regulations governing the diversion market because many of the diverted drugs confiscated in the "pharmoney" operation were found to be expired, placed in unsanitary containers or treated with toxic chemicals.

Most of the drugs uncovered by the FBI were "sample" drugs given to medical doctors, the Justice Department official said.

Drug chain buyers see future in 'Eurostyled' items at show

Products inspired in color and sleek design by Europe invaded the Fall Housewares show leaving chain drug store executives wondering if their audience is ready for this highly fashionable Eurostyling trend.

"We're optimistic about the Eurostyle trend," reported Lloyd Coe, buyer, and Mickey Kole, president, of Perry Drug Stores. "We hope our customers are ready for some of the new designs and colorings."

A contrasting view was presented by Jim Fisher, director of merchandising for Fruth Pharmacy Inc., in Point Pleasant, W. Va. "We operate in rural areas and our customers are pretty conservative. We'll leave the Eurostyling to department stores and discounters."

"Drug chains can do great things with the colored, often blister-packed and carded hair care appliances," reported Anne Kabak of Associated Chain Drug Stores. "They shouldn't shy away."

During the housewares gathering at both McCormick and McCormick West, chain drug buyers were flocking to booths containing hot new color entries from Conair, Clairol, Helen of Troy and Candies, a debut line gathering great interest from drug store executives. Praise was also given Conair's High Energy line for its multipackaging of a blow dryer, hair brush and mousse.

The most promising colors in hair care appliances, according to Revco's director of purchasing and marketing Neil Roth, are the bright pinks and blues.

Representatives of chains including Peoples, Genovese, Eckerd, Revco and Fruth confirmed that the advent of color and pegged packaging is pushing up volume of personal care. Vendors, too, say drug chains will probably start grabbing more than their traditional 15% of that market thanks to their aggressiveness with the color lines.

Chains attending the show also have their sights set on expanding their volume in the burgeoning $500 million microwave cookware market. During the show, retailers viewed new offerings of disposable, lightweight microwave bakeware from Anchor Hocking and Nordic Ware. According to a buyer from Eckerd, this new generation of cookware is perfect for drug chains because prices can go as low as $2 for a package of five items.

Other chain executives prowled the floors in search of one item that could make the show worth the trip. For Fay's Jim Wuest, that spark came from new uses of color and design in storage goods.

Tony Fanticola, now vp general merchandise for Vons Grocery Co., praised a line of 22-in. framed decorative prints which he said he could "really move" at $9.99 per picture. And for Kabak, one pick of the show was a party dish from Marsha ceramics.

Despite the influx of new products, chain officials complained about the timing to the show. Since it is so close to Christmas, said Kabak, retailers can not pick up last minute items and instead plan for spring. Some chains even said the timing is so bad they may not attend the fall housewares show in 1986.

FINANCIAL

Medicare-Glaser reports 2nd-quarter loss

ST. LOUIS — Medicare-Glaser's long-term strategy to increase market share continued to have a negative impact on the chain's bottom line.

In the second quarter ended Sept. 30, the company reported a net loss of $167,000, or 5¢ a share, compared to earnings of $167,000, or 5¢ a share, in the same quarter last year.

Sales for the quarter increased a slim 5.1% to $20.6 million from $19.6 million in the same period a year ago.

For the first six months, Medicare-Glaser recorded a loss of $305,000, or 10¢ a share, compared to a profit of $281,000, or 9¢ a share, last year. Sales increased 7% to $42 million.

Commenting on the results, Harlan Steinbaum, president and ceo, said: "Our second-quarter and first-half performance was disappointing, however, not unexpected by the company or its shareholders."

Steinbaum said the company had predicted that its attempt to boost market share in its key St. Louis metro market would create a drag on performance.

The growth strategy includes conversion of some professional pharmacies into full-line Medicare-Glaser drug stores, opening new stores and stepping up advertising and promotion.

During the second quarter, the chain converted two smaller professional pharmacies to full-line drug stores and purchased an additional full-line drug store. At the end of the quarter, the company was operating 39 full-line drug stores, 48 professional pharmacies, 12 retail optical stores and a home health care center.

In addition, Medicare-Glaser's wholly owned computer software subsidiary, Professional Drug Systems, signed eight contracts, seven directed to the hospital and physician markets and one to drug retailers.

Steinbaum noted that the second-quarter sales per cent gain would have been greater, but last year's sales were boosted by the delivery of computer software to a major drug retailer.

Steinbaum also pointed out that the second quarter bottom line was jolted by a charge of $118,000 relating to the closing of its Megs deep-discount operation. Medicare-Glaser had already taken a $295,000 writedown on Megs at the end of fiscal 1985.

Bindley gains in 3rd quarter

INDIANAPOLIS — Bindley Western Industries, the country's sixth largest drug wholesaler, reported that net income for the third quarter ended Sept. 30 increased 7% to $1.1 million, or 17¢ a share, from $1 million or 16¢ a share, in the comparable period last year.

Sales for the quarter rose 14% to $161.2 million from $141.2 million.

For the nine months, net income increased 14% to $3.8 million, or 58¢ a share, from $3.3 million, or 52¢ a share, last year.

Nine-month sales rose 13% to $458.1 million.

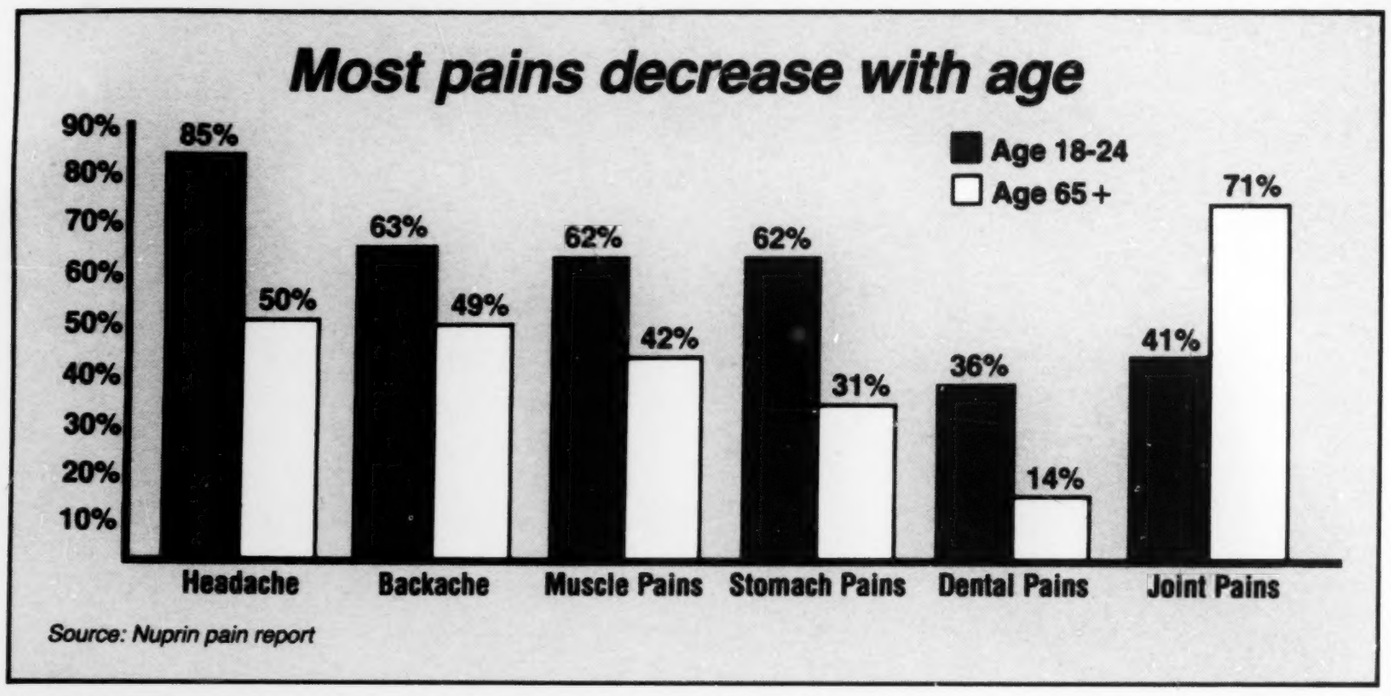
Last year's results were restated to reflect a 2-for-1 stock split effective April 15, 1985.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 10/18/85 - 11/04/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week																			
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct			Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	63.75	57.00	63.50	4.25	7.17	67.50	35.38	.20	.76	.29	28.52	5.71	1.67 S	42.0	34.0	1.5	11.2	.64	1.0	09-16-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.00	16.00	16.00	.00	.00	17.63	15.00	-.20	-.20	-4.80	.00	1.26	-.07 Q	-5.0	3.0	1.1	12.1	.72	4.5	07-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.50	13.38	14.25	-.75	-5.00	19.50	10.63	-.32	.26	-1.60	-59.06	.68	.12 S	20.3	15.0	3.0	20.1	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.50	4.13	4.13	-.38	-8.33	6.13	3.38	-.49	-.85	.81	-73.68	.35	-.12 Q	-24.0	NC	1.2	10.9	.60	14.5	05-09-85	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	29.50	28.63	29.50	.25	.85	32.88	20.00	-.10	.36	-1.91	42.18	2.27	-.03 N	-1.4	2.0	3.3	13.7	1.04	3.5	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.00	8.13	8.75	.00	.00	13.00	8.13	-.26	.93	.21	24.33	.62	-.22 S	-33.3	33.0	2.4	19.9	.20	2.3	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	10.38	10.13	10.25	.00	.00	15.88	9.13	-.18	-.35	-1.39	69.29	1.03	.07 S	6.8	40.0	1.9	9.3	.20	2.0	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	28.50	27.13	28.00	1.00	3.70	31.13	21.38	.25	-.17	-.83	1.36	1.88	.14 S	7.8	9.0	2.9	14.5	.72	2.6	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	4.75	4.25	4.50	-.13	-2.70	6.25	3.50	-.02	-.72	9.10	-23.55	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	17.38	15.50	17.00	1.38	8.80	17.38	10.75	.65	1.63	2.92	25.68	.84	.09 N	11.0	14.0	2.1	18.7	.19	1.1	09-11-85	370.3	7.6	1.5	1.60	7.07
Revco Drug	RDS	29.50	26.50	27.00	-1.25	-4.42	29.50	22.50	.24	-.81	1.10	3.97	1.06	-1.61 Q	-63.9	-1.0	1.6	29.7	.80	3.0	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	24.50	22.50	22.63	-.88	-3.72	33.50	21.50	.00	-.77	-.88	-25.58	1.69	.13 S	8.2	9.0	4.8	13.2	.50	2.2	10-07-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	24.50	19.00	24.00	4.88	25.49	24.50	18.13	.48	3.42	8.62	20.16	1.40	.24 N	18.2	15.0	2.1	15.4	.60	2.5	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	26.50	24.50	25.50	-.63	-2.39	30.25	20.00	.31	-.66	-3.16	21.35	1.53	.14 F	10.1	21.0	3.0	16.7	.50	2.0	11-05-85	3161.9	94.2	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	29.88	26.25	29.88	3.63	13.81	32.38	20.50	-.02	1.63	3.14	7.23	1.91	.34 F	21.7	16.0	1.0	15.6	.32	1.1	10-28-85	2434.9	24.2	1.6	1.08	11.11
Bindley Wstn	BIND	10.63	10.00	10.00	-.38	-3.61	15.00	9.25	-.19	-1.19	7.47	-78.04	.73	.16 S	25.8	23.0	.8	12.8	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.00	16.50	16.75	.00	.00	18.50	10.91	-.02	.06	-7.83	82.10	1.01	.17 Q	18.9	NC	1.2	15.7	.08	.5	10-08-85	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	10.63	9.88	9.88	-.50	-4.82	15.25	9.81	-.70	-1.29	3.72	20.77	.74	.13 S	19.1	15.0	1.7	12.2	.14	1.4	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.25	46.88	47.88	.75	1.59	50.00	37.00	.01	.04	-.14	47.68	3.60	.02 S	.5	-1.0	1.3	12.7	2.40	5.0	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	24.00	22.00	23.00	-.75	-3.16	29.75	21.00	-.39	-.39	3.48	-21.98	1.56	.02 S	1.3	26.0	1.3	14.6	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	20.63	18.00	19.25	-.75	-3.75	22.97	13.47	.51	1.06	2.16	32.38	.56	-.03 Q	-4.9	NC	.2	33.2	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
Owens & Minor	OBOD	15.25	13.38	14.00	-1.50	-9.68	16.63	8.00	-.62	.21	.27	-57.44	.95	.23 N	26.1	16.0	1.2	12.6	.28	2.0	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	59.38	56.00	58.25	.88	1.53	60.00	38.63	-.05	.25	1.59	5.97	3.34	.52 N	16.3	17.0	13.0	15.7	1.40	2.4	10-08-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	58.38	54.75	57.63	2.50	4.54	66.88	48.00	-.34	.41	1.42	11.24	4.39	.26 N	6.0	11.0	15.1	12.6	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	13.63	12.50	12.75	-.88	-6.42	16.88	11.75	-.15	-.51	-1.50	8.52	.21	-1.06 N	-82.8	-25.0	1.6	58.0	.37	2.9	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	42.50	39.00	42.50	3.50	8.97	42.50	28.16	.09	.25	5.54	-46.92	3.48	.40 S	12.1	12.0	10.5	11.5	1.00	2.4	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	15.63	13.63	14.50	.88	6.42	22.63	11.25	.30	-.56	-.35	-1.69	.61	.13 S	22.8	23.0	18.2	20.7	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	59.25	55.50	58.50	1.75	3.08	66.50	47.25	-.04	.76	.81	-6.24	3.45	.42 N	12.5	14.0	11.3	15.5	1.88	3.2	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	45.63	36.63	44.63	7.50	20.20	46.63	24.75	.66	.06	.93	3.83	2.66	.77 S	30.1	21.0	5.9	13.4	.60	1.3	11-01-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	28.00	23.75	27.63	3.75	15.71	32.50	12.13	.34	.98	3.29	43.78	.73	.36 S	67.9	15.0	17.4	31.0	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	11.13	10.13	10.88	.38	3.57	12.25	8.38	.16	.00	-1.58	15.74	.00	-.09 S	-47.4	NC	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	8.63	7.13	8.25	.00	.00	12.75	7.13	-.84	-.70	2.28	24.52	.61	-.04 S	-6.7	57.0	14.6	14.7	.20	2.4	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	94.75	89.50	94.00	4.00	4.44	94.75	60.75	.11	.13	2.66	-11.32	6.73	.48 S	7.4	9.0	15.8	13.4	3.20	3.4	11-08-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	7.25	6.50	7.13	-.13	-1.72	9.63	2.13	.39	.32	.99	-48.69	.13	.62 N	NE	NC	6.2	19.8	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	42.50	34.75	40.75	4.75	13.19	42.50	19.00	.40	1.91	4.51	10.84	.94	.39 Q	56.5	36.0	12.2	37.7	.28	.7	09-16-85	295.7	36.2	2.1	.00	4.17
Merck & Co	MRK	120.00	111.63	120.00	6.25	5.49	120.00	85.25	.11	1.01	.05	16.97	6.71	.71 N	10.9	6.0	13.8	16.6	3.20	2.7	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	33.75	32.00	32.75	.13	.38	38.00	25.25	-.09	.07	-.63	9.84	2.50	.29 Q	12.8	21.0	6.7	12.8	.70	2.1	11-18-85	1832.3	122.8	1.8	3.25	15.00
Mylan Labs	MYLN	16.38	14.88	15.38	.50	3.36	26.00	11.38	.06	-1.72	-4.71	-16.38	.52	.38 S	115.2	64.0	23.3	21.7	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	12.13	10.50	11.88	.00	.00	13.75	5.38	.72	2.67	-3.99	6.31	.05	.15 Q	NE	NC	6.7	NE	.80	6.7	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	17.25	14.50	17.13	1.13	7.03	23.25	8.50	-.21	.52	.07	30.94	.47	.09 N	22.0	NC	16.5	34.3	.00	.0	00-00-00	17.0	2.8	3.3	.00	1.84
Pfizer Inc	PFE	47.63	44.50	47.13	2.63	5.90	53.75	37.63	-.31	.96	-.54	-8.72	3.08	.37 N	12.3	15.0	13.2	13.9	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.13	4.13	5.13	.75	17.14	6.63	2.88	.21	1.81	-1.32	-17.25	.13	.00 F	.0	28.0	6.0	39.4	.04	.8	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	12.00	9.13	11.13	2.00	21.92	24.38	5.50	1.68	1.41	4.74	-12.93	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	42.88	38.50	40.50	-2.00	-4.71	47.00	24.00	-.36	-.07	-4.39	-44.08	2.08	-.04 N	-1.9	4.0	8.5	19.9	1.12	2.8	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	12.75	11.88	12.50	-.13	-.99	13.50	8.75	-.19	.39	-1.52	-12.96	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.6	09-11-85	167.4	-3.4	1.7	4.07	9.72
Squibb Corp	SQB	72.63	68.25	71.13	.75	1.07	72.88	49.75	-.03	.67	2.80	24.48	3.68	.46 N	12.9	21.0	10.5	17.6	1.76	2.5	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	36.13	34.13	35.25	.50	1.44	37.13	26.25	.14	-.08	-.81	-23.99	2.37	.13 N	5.6	4.0	7.8	14.3	1.20	3.4	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	73.25	66.25	72.75	6.00	8.99	73.25	45.25	.24	1.59	-1.63	7.84	4.65	.57 F	14.0	16.0	15.8	15.6	2.40	3.3	11-12-85	948.5	150.0	2.1	5.36	18.81
Thompson Med	TM	15.00	14.63	14.75	-.13	-.84	18.38	13.25	-.34	-.15	3.95	-58.36	2.20	-1.04 N	-46.0	15.0	10.8	12.1	.40	2.7	09-24-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	124.75	116.13	123.25	4.50	3.79	124.75	63.75	.31	.09	-1.18	-6.81	5.67	.39 N	6.9	1.0	8.0	20.3	2.80	2.3	09-27-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	38.75	35.50	37.50	1.00	2.74	46.50	31.88	-.20	.68	.72	-15.91	2.81	.28 S	10.4	6.0	7.1	12.6	1.48	3.9	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	24.00	20.00	24.00	3.75	18.52	29.50	5.50	.88	.11	-.43	-28.21	.28	.97 N	510.5	89.0	7.7	20.7	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219



The study showed that most pains decrease with age, and the younger people are, the more likely they are to suffer from pain. The only exception concerns joint pains.

Study reveals how Americans cope with pain

NEW YORK — "Most Americans live with pain on an ongoing basis, and large numbers do so day in and day out."

So says famed pollster Louis Harris on the completion of the first nationwide study on the prevalence of pain and how Americans cope with it.

According to the study, headaches are the most common type of pain, with 73% of the American public reporting having suffered from one or more in the past year.

Other common sources of pain include backaches (56%), joint pains (51%), stomach pain (46%) and 40% of women have experienced menstrual pains. The least common pain is dental, with only 27% of those surveyed saying they've suffered from it in the past 12 months.

But according to Harris, percentages sometimes are not as dramatic as actual figures.

"When the percentages are translated into number of people, the figures become more realistic," said Harris. "Of those who suffer dental pain, 27% translates to 47 million Americans who have been afflicted; 37 million women suffer menstrual pain; 80 million adults suffer from stomach pains; 89 million from joint pains; 92 million from muscle pain; 97 million from backaches, and 127 million suffer pain as a result of headaches. This is a lot of pain by any measure."

The study also examined the way individuals treat their pain. It revealed that most people (88%) seek professional advice or treatment when they experience more than just occasional pain.

Nearly 3 out of 5 sufferers consult medical doctors, 18% chiropractors, 12% pharmacists and 3% consult pain specialists.

"Among the more acute pain sufferers who saw a doctor, 4 in 10 said the doctor recommended prescription drugs while 2 in 10 said their doctor recommended OTC drugs," said Harris.

To Harris' surprise, the study revealed that young people are more likely to experience pain than older people, particularly from headaches, backaches, muscle, stomach and menstrual pains and dental pain. The only exception was joint pain.

"We found that for those who experience more than occasional pain, the experience can severely upset daily routines, causing lost work days, interrupted sleep and even incapacitation," said Harris.

The report revealed a strong correlation between stress and pain, as well.

"We found that people under great stress tend to suffer from each type of pain more frequently than others," said Harris.

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Rx/OTC news

PHARMACY

Generic substitution shows marked increase

Analysis of prescription activity

	Chain	Indep.	Total
Prescriptions as % of avg. store sales	38.3%	64.2%	47.3%
Avg. no. of scripts per day	137	110	127
New scripts	73	58	67
Refills	64	52	60
% of scripts written . . .			
Brand only	33.8%	30.1%	32.6%
Substitution O.K.	45.2	46.6	45.7
Generically	21.1	23.3	21.8
% of substitutions	64.6	61.5	63.6

Source: Lebhar-Friedman Research

NEW YORK — Generic manufacturers made their strongest inroads yet into the pharmaceutical marketplace in 1985 with a greater than 20% increase in the number of pharmacists substituting generics for branded drugs.

According to a nationwide pharmacy study on substitution practices conducted by Lebhar-Friedman Research and *Drug Store News*, nearly two-thirds (63.3%) of the pharmacists polled said they substituted a generic drug over a brand. This is compared to 51.5% last year.

The study also showed a dramatic rise in the number of independents substituting.

One-third more independents substituted generics for branded drugs in 1985 whenever the law permitted. According to the survey, 61.5% of the independent pharmacists said they substituted a generic for a branded drug, compared to 46.3% last year.

Among the chains, 64.5% of the pharmacists said they substituted, compared to 53.5% last year for a growth of 22%—close to the national average for both groups.

Factors driving the increase included the greater number of prescriptions giving permission to substitute, third-party cost-cutting incentives encouraging generic substitution and the increase in consumer awareness of generics.

The reasons pharmacists gave for substituting were largely the same for independents and chains. Both groups said cost-savings to the customer was their No. 1 reason. Second in importance was making sure the substituted drug was therapeutically equivalent to the branded drug.

While the chains felt that requests from patients for generics was the third most important reason for substituting, the independents said it was the prospect of improved profits. The independents placed a patient's request for a generic as the fourth most important reason to substitute, while the chain pharmacists reported that company policy was fourth. None of the independents

Continued on page 47

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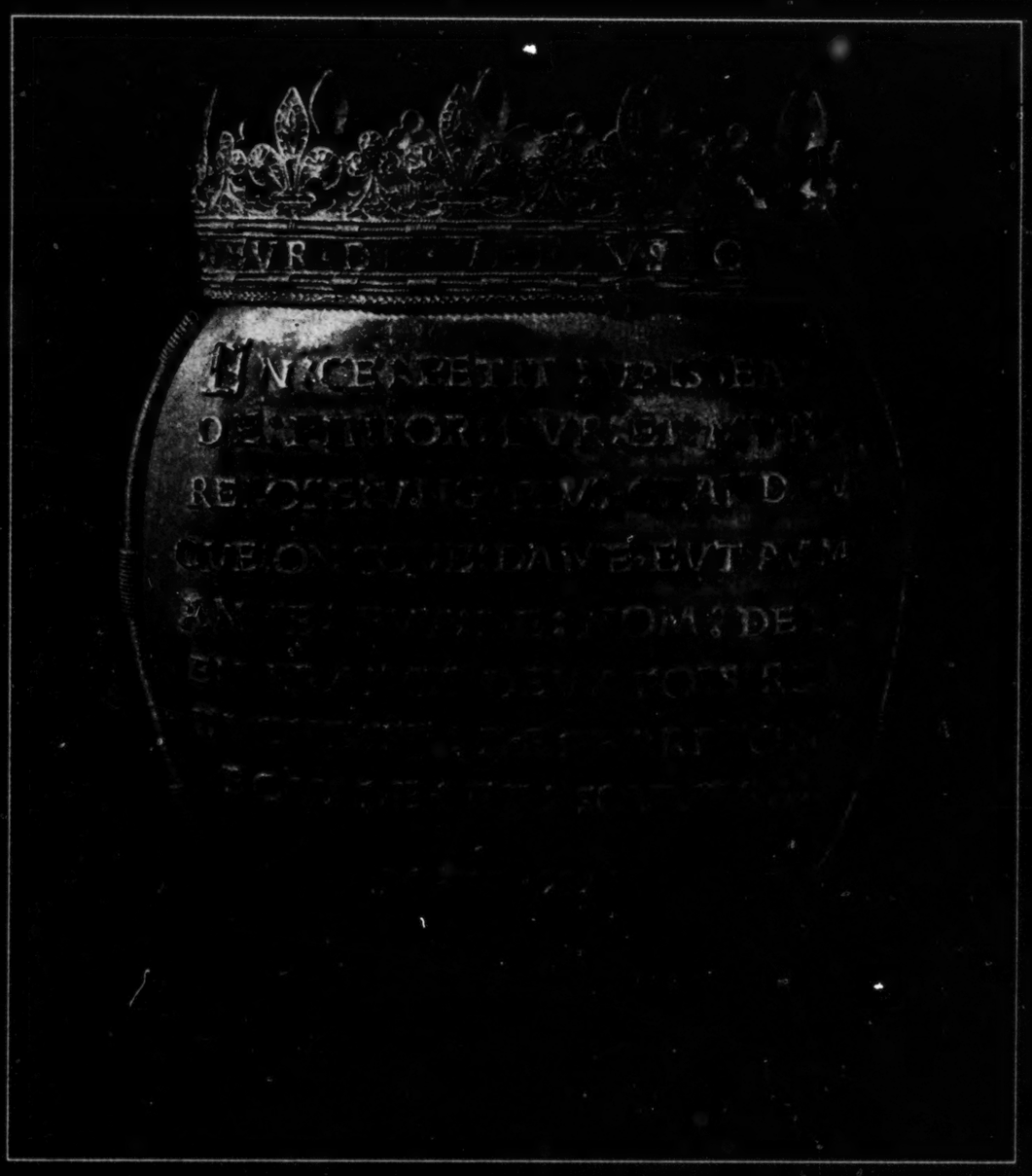

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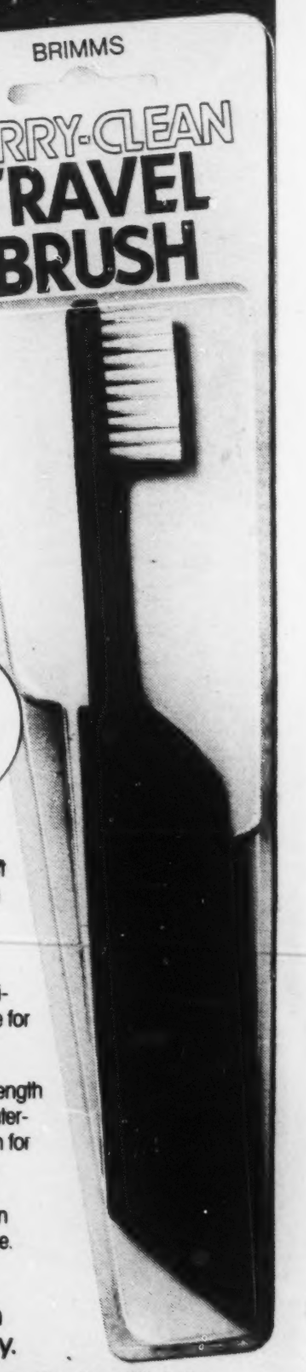

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PHARMACY

Rx substitution

Continued from page 38
gave "company policy" as a reason for substituting.

All the pharmacists said generics have gained a strong foothold in the minds of the consumer. The majority (82%) said that consumer reaction to generics was positive, while 15% thought the consumer was neutral or uninformed about generics. Only 1% felt consumers were negative about getting prescriptions filled with a generic drug.

Nearly two-thirds (65%) of the pharmacists felt that consumers today are asking more questions about generic drugs than ever before, and almost half (49%) felt that the advantages of lower price points and better margins for generics more than offset the disadvantages.

Virtually all the pharmacists (92%) projected optimism on the growth of prescriptions that would be filled generically.

Overall, the pharmacists did not consider price constraints established by state substitution formularies an obstacle in finding generics.

Less than 3 in 10 pharmacists encountered some difficulty in finding acceptable generics due to imposed price constraints, and only about 6% said they found that the constraints made it "extremely or very difficult" to find acceptable generics.

Editor's note: This study is based on a survey of 381 chain drug store pharmacists and 197 pharmacists working in independent stores.

Rxer's reasons for drug substitution

Customer savings	40%
Therapeutic equivalent	22
Patient request	11
Improve profit	9
Company policy	3
State laws	2
Rebates/incentives	2

Source: Lebhar-Friedman Research

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